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MN

Francis J. Houlihan

NPTA's New Chairman of the Board

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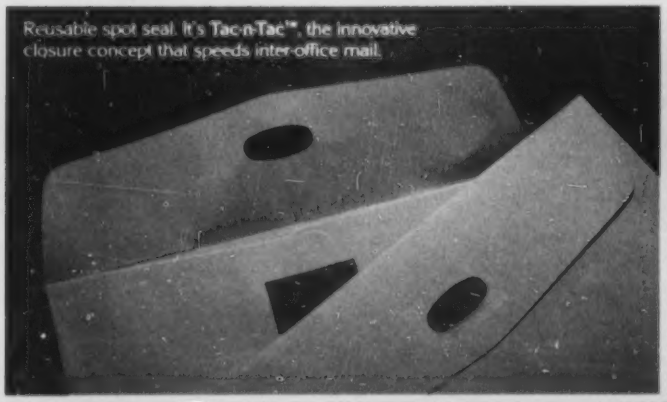

Reusable spot seal. It's **Tac-n-Tac™**, the innovative closure concept that speeds inter-office mail.

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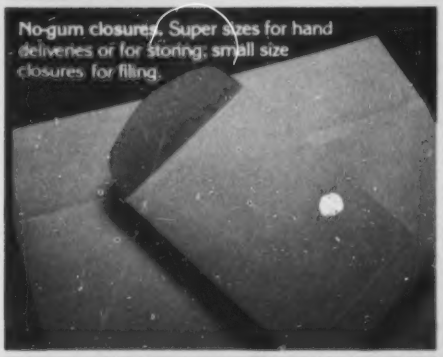
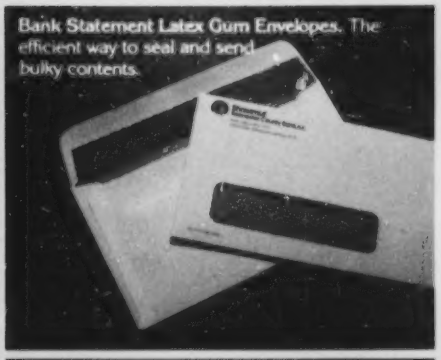
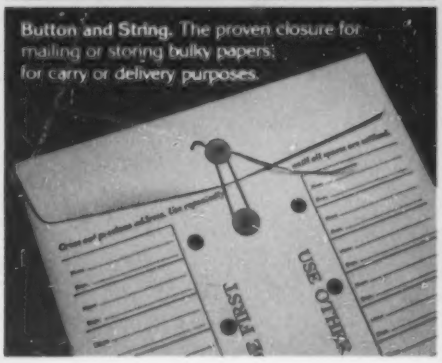


No-gum closures. Super sizes for hand deliveries or for storing; small size closures for filing.

Latex Gum on flap and throat. Seals instantly and securely. (Illus., Carnival Kraft Catalog).



Bank Statement Latex Gum Envelopes. The efficient way to seal and send bulky contents.



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Lenexa, KS, 66215, 913 / 888-3282, 800 / 255-6288.
Vinita Park (St. Louis), MO, 63114, 314 / 423-6700, 800 / 325-0002.

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Cover Photo: Fred Fox Studios Ltd.

ATTENTION YEF MEMBERS!

Reserve March 19–22, 1987, to attend the third annual YEF Mid-Year Executive Conference to be held at the beautiful Grenelefe Resort, Grenelefe, FL (outside Orlando). The conference will feature two exciting morning speakers together with a Sunday supplier-discussion presentation. Watch for our descriptive brochure.

BUTLER PAPER CONTINUES TO GROW

With 64 centers in the country, Butler Paper Company's growth goes on. This year alone, a new warehouse was completed in Madison, WI, a larger facility in Reno, NV, was occupied, a new building was leased in Forth Worth, TX, and a building purchased in Tulsa, OK.

The Madison expansion, the second in Wisconsin in the past two years, followed the construction of a new warehouse in Milwaukee last year. Reno is one of Butler's newer divisions which was opened in 1984 and then relocated in April. The new Fort Worth warehouse is just down the street from the old one, but it offers nearly one-third more space and more modern facilities. In Tulsa, Butler purchased the building it had been leasing since early 1985.

F.G. Walker, Butler's president, said, "We see a lot of potential for growth in the paper distribution business, even in markets like Tulsa where the economy is slower than it once was. We feel that the ability to respond to customer needs—whether with more inventory, quicker delivery or more innovative service—will allow us to find and take advantage of new opportunities."

ASSOCIATED PAPER BUILDS NEW FACILITY

A new 53,000–square-foot building is being constructed in Conyers, GA, by Associated Paper and Supply Company and Partyland Stores. The new brick facility will house space for offices, a retail store, manufacturing and distribution.

Associated Paper handles industrial, retail paper and packaging chemicals and sanitary and maintenance items. In addition, they will manufacture stock corrugated boxes in Conyers, according to Jim D. Kent, chairman of the board, and Mike Williams, president. The facility will cost $1,200,000 and should be completed around February 1, 1987.

EARNINGS UP FOR CENTURY PAPERS' QUARTER

A 3.4% increase in Century Papers, Inc., 1986 first quarter (ending 6/30/86) earnings was announced by president and CEO Herschel G. Maltz. This represents $150,000 compared to $145,000 for the same period in 1985. The company, a Texas-based wholesale distributor of paper and allied sanitary maintenance products, operates 17 distribution centers in the south and midwest and five retail stores in Texas.

Maltz commented that the company's pre-tax earnings increase "is a real tribute to our management team and all our employees," since sales decreased slightly in this "highly competitive" business. He further observed that business potential has actually contracted in some of the geographic areas served but that the company effected numerous cost reductions. Inventories are lower than a year ago, receivables more current, and the long-term debt has been reduced—a tribute to the company's overall asset management, he said.

OCTOBER

16. *Productive Opportunities for Paper Merchants. New York, NY. Contact NPTA.*

27–31. *Printech Week. Rochester Institute of Technology, Rochester, NY. Contact NPTA.*

NOVEMBER

3–4. *The Second International Unbleached Kraft Conference, Waldorf-Astoria Hotel in New York, NY. Contact* Pulp & Paper *magazine. 212-683-9294.*

10–15. *Paper Distribution Management Development Program. Miami University, Oxford, OH. Contact NPTA.*

16–23. *New York Paper Merchants Association's 1986 Seven Day Seminar & Cruise on board the Carnival Cruise Lines Superliner "Festivale." Contact NYPMA. 212-867-9660*

18–19. *Industrial Sanitary Supply Symposium—"Sanitary Supply: The Role of the Industrial Paper Merchant." Atlanta, GA. Contact NPTA.*

CARL SCHORSKE DIES AT 106

The June 1986 *MN* edition featured an interview with Carl Schorske, 106 years old, and former general manager of George W. Millar Inc. His lifelong career in the paper industry began in 1895 when, in high-button shoes and knee pants, he was hired as a delivery boy by Henry Lindenmeyr, Sr. After more than 25 years there, he was with the Millar company until his retirement in 1955. During the 31 years that followed, he continued to closely watch developments in the industry.

Mr. Schorske was known as an easy-

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TRAINING SALES PEOPLE TO GET SUCCESS ON THEIR SIDE

What makes one sales call a success and another a failure? Do sales people make common mistakes which prevent success?

The answer to these questions lies in the skills your sales people have developed. How is the bridge from average to successful salesperson made?

It involves using and learning each of the following:

1) Successful sales people establish a balanced dialogue and interaction with customers. "Simply telling a customer how a product or service might be of value is not enough," says Bruce Linden, NPTA Director of Education and Training. "It's important to get the customer involved early, late and often."

2) They should ask questions skillfully to gather information and uncover customer needs. The importance of what a customer says is acknowledged to be twice as important as failed sales calls.

3) They should recognize when a customer has a real need and show how the product can satisfy it. On average, calls where two or more needs are uncovered tend to result in either a sale or an advancement of the sales process.

4) They should counter negative customer attitudes promptly and directly. Sales people with successful calls answer almost 50% more objections than those with failed calls. Success drops dramatically if a customer reiterates an objection, which is a sign the objection wasn't handled.

5) Finally, they should use a benefit summary and an action plan that require customer commitment when closing. When sales people use this form of close, 75% are successful.

It does not appear to matter whether the sales person is 28 or 48 years of age, male or female, or has two years' experience or twenty. What matters is the ability to use certain skills and avoid common errors. Following are common mistakes that prevent successful sales calls:

1) Tells instead of sells; doesn't ask enough questions.
2) Over-controls the call; asks too many closed-end questions.
3) Doesn't respond to customer needs with benefits.
4) Doesn't recognize needs; gives benefits prematurely.
5) Doesn't recognize or handle negative attitudes effectively.
6) Makes weak closing statements; doesn't recognize when/how to close.

Training in these and other related sales skills is provided through the NPTA Professional Selling Skills Program. For more information contact Bruce H. Linden, NPTA Education and Training Department.

going, warm-hearted man who was active in his community. He served on the Tuckahoe, NY, board of trustees for two terms and then participated by attending public meetings and writing letters to local officials. The village mayor said of him, "For a man of 106, he had an extremely incisive mind" and "was always full of good advice and cheer."

Asked the perennial question as to the key to his long life, Mr. Schorske replied, "Walking is a must; I walk half a mile every day at seven o'clock before I eat breakfast. I don't know for sure if that's what keeps me going, but I'm sure walking doesn't hurt."

Carl Schorske suffered a massive heart attack a week before his death at the Lawrence Hospital in Bronxville. He was loved by everyone who knew him and will be missed by many.

NEWS BRIEFS

STERLING PAPER has been purchased by Robert Rosenfeld, formerly of Alling and Cory, Cleveland. Sterling is now distributing in the Cleveland area in addition to the Columbus and Mansfield locations. Mr. Rosenfeld is the company's new president, with Karen Forcina, manager of sales and marketing, and Bill Neff, controller.

NATIONWIDE PAPERS relocated in August from Detroit to their newly constructed sales office and warehouse in Madison Heights. They have also added a new truck to their fleet in order to provide better service. The new address: 1201 East Lincoln Avenue, or P.O. Box 71527, Madison Heights, MI 48071-0527; 313-541-9900.

D.J. MEAD's warehouse and offices are located at a new address: 300 Norton Street, Rochester, NY 146[illegible] 716-544-1810.

LOUISIANA-PACIFIC CORP., a forest products firm with 120 U.S. plants and mills, has signed a non-binding letter of intent to purchase all the California properties of Timber Realization Company for $95 million. Timber Realization is a publicly traded limited partnership formed to operate and provide for the orderly disposition of timberland and related properties transferred to it by Masonite Corporation.

BECKETT PAPER COMPANY's ongoing Awards for Excellence Program is open for entries. Ten letterheads and ten other printed pieces are chosen for awards six times a year. Judges from an independent panel in the design and printing communities select winners on the basis

of originality, design, typography, quality of printing and finishing, and the imaginative use of paper. Individually engraved brass plaques mounted on a hardwood base are awarded to each winner, the printer, the designer and/or the advertising agency, and each winning letterhead is displayed in a metal frame under a clear glass cover. Entry forms may be obtained from Beckett merchants who will be notified of all winners. The client, printer or designer may submit entries.

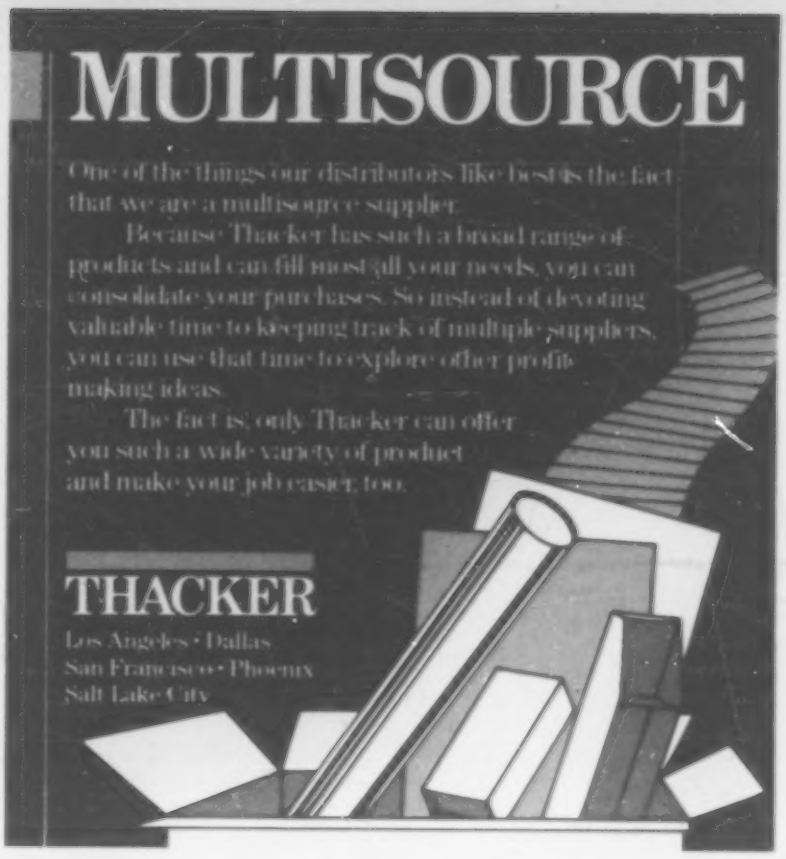
PENTAIR, INC., seeks to acquire McNeil Corporation's outstanding common stock in an all cash purchase. D. Eugene Nugent, Pentair's chairman and CEO, said that the company was pleased with the reception of the offer by McNeil's security holders. Pentair has six subsidiaries and nine manufacturing facilities in the U.S., Canada and Brazil, while McNeil, a diversified manufacturer and distributor of industrial products and systems, operates in the U.S., Germany and Canada.

ROLLAND INC.'s Distribution Division has a new head office. All correspondence should now be directed to Suite 501, 200 Ronson Drive, Etobiocoke, Ontario M9W 5Z9, Phone: 416–249–7021.

INLANDER-STEINDLER PAPER COMPANY has named Robert J. Kolcz & Affiliates, Inc. its marketing communications agency. In addition to ISP's 100-year anniversary celebration, the new agency will be responsible for a wide variety of sales promotion and public relations involving direct mail, open houses, a corporate history brochure, and more for the mid-western paper distributor.

PEOPLE IN THE NEWS

James L. Adie was elected vice president of sales at JB Papers, a distributor of printing, publishing and reprographic paper in the metropolitan New York/New Jersey market. Following in the footsteps of his father who was also a vice president,


MULTISOURCE
One of the things our distributors like best is the fact that we are a multisource supplier.
Because Thacker has such a broad range of products and can fill most all your needs, you can consolidate your purchases. So instead of devoting valuable time to keeping track of multiple suppliers, you can use that time to explore other profit making ideas.
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PAPER DISTRIBUTION INDUSTRY
BEST SELLERS

Rank	Publication	Last Mo.
1	The Practical Handbook of Warehousing. *Ackerman.* $40.	1
2	The U.S. Paper Distribution Industry: A Market Research Data Source. *NPTA.*	2
3	A Guide to Value-Added Purchasing. *NPTA Brochure.* 10¢ each.	—
4	Implementing Successful Paper Marketing Programs. Video Tape and Guide. *NPTA.* $65.	3
5	Practical Handbook of Distribution/Customer Service. *Blanding.* $40.	4
6	Merchandising to Maximize Your Margins. *VanDeMark.* $25.	—
7	Wholesaler Inventory Control. *VanDeMark.* $25.	5
8	Strategic Planning: A Fitness Program for Wholesaler-Distributors. *Andersen.* $35.	6
9	Fine Paper Catalog. *Grade Finders.* $55	—
10	Increasing Profits Through Better Marketing. *Healy.* $35.	7

ALL PUBLICATIONS ARE AVAILABLE FROM NPTA

Mr. Adie progressed through 13 years of customer service to successive levels of sales achievement.

Robert W. Hill, Jr., has been promoted to vice president—retail stores at the Paper Corporation of America. He will be responsible for the development of the company's national retail program with a goal of expanding its present 51 retail stores to 100 across the country.

John A. Bomba was promoted to vice president of sales at Paper Enterprises, Inc. Formerly, he was the general sales manager there.

Rick Jones is Forest-Atwood Paper Company's new project manager-converting at Elk Grove Village, IL. The company is a division of WWF Paper Corporation, based in Bala Cynwyd, PA.

Ronald C. Esper is now president of Morris Paper Company, headquartered in Pittsburgh, PA. The company is part of CDA Distributors, a division of Hammermill Paper Company.

Gregory "Rocky" Wilkinson is the new western regional manager, consumer division for The Fonda Group, manufacturer and supplier of disposable paper products. In order to intensify the company's western marketing and sales activities, Mr. Wilkinson will manage the branded and private label programs as well as the broker sales network, product programming and pricing.

Caroline Petry has joined AFV Mfg. Co., Collingdale, PA, as customer service representative for dealer accounts in the Eastern Region. She will be responsible for servicing customers' needs and also support to the dealer account executives.

George A. Makrauer is Amko Plastics Inc.'s new president and CEO. He succeeds Janet Makrauer who will continue to serve as treasurer and executive director of finance.

Karen L. Sterzinar has been appointed to the new position of marketing assistant at Strathmore Paper Company's Printing Papers Division in Westfield, MA. Ms. Sterzinar served in the firm's internship program while she attended college. She is the third member of her family to enter the paper trade.

Unloading bark at Hammermill Paper Group's Riverdale facility near Selma, AL. 400,000 lbs. per hour of high pressure steam will be created from burned bark to generate 45 megawatts of electricity for Hammermill's #15 Paper Machine.

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IP'S $1.1 BILLION PURCHASE

In one of the most important consolidations in paper manufacturing history, International Paper spent $64.50 per share for Hammermill Paper Company's 17 million outstanding shares. The action has created the largest paper company in the United States.

The combination makes the new company a strong player in the paper business for two reasons, the company reports. First, each company manufactures basically different products. The resulting mix is beneficial to both groups. Second, "International Paper has a strong manufacturing operation and Hammermill has a strong marketing organization," said John A. Georges, chairman of International Paper, in a *New York Times* interview.

Sales for the new International Paper Company will be in the neighborhood of $6.38 billion (based on 1985 combined sales). Champion International, which acquired St. Regis last year, holds second place with $5.77 billion in sales, and James River, with its newly acquired Crown Zellerbach operation, is a close third at $5.50 billion.

Dacotah Paper Co., of Fargo, ND, recently broke ground for a new distribution center in the Fargo Industrial Park. It will have 128,000 square feet for merchandise storage, 16,000 square feet for offices and office expansion, and 21 shipping and receiving doors including a six-stall garage and rail siding.

GREAT NORTHERN NEKOOSA BUYS J & J

In an all-cash transaction, Great Northern Nekoosa Corporation has agreed to acquire J & J Corrugated Box Corp. of Fall River, MA. This purchase marks Great Northern Nekoosa's entry into the corrugated box manufacturing business in the U.S. William R. Laidig, GNN's chairman, said, "The rapid consolidation of the containerboard industry in recent years makes this acquisition especially appropriate at this time." J & J is a large independent corrugated box manufacturer with 1985 sales of over $100 million. It has plants in Huntsville, AL; Augusta, GA; Franklin, MA; and Martinsville, VA; and after the purchase it will operate as part of Great Southern Paper, GNN's containerboard division. Great Southern Paper has been a supplier of containerboard to J & J since 1964.

Introducing Marvel's new long-life Ener-Gee Save® lamp. Marvel long-life lamps cost less, last twice as long as ordinary bulbs and the new Ener-Gee Save® lamps save energy too. What's more, they're made in the United States and are sold exclusively through distributors.

Marvel has a full line of long-life incandescents, fluorescents, special-colored fluorescents, quartz, mercury vapors, high pressure sodium lamps, low pressure sodium lamps and now the new Ener-Gee Save® lamp.

If you want to know more about how Marvel long-life lamps can brighten up your profit picture, just call us toll free (800) 845-6421. We'll be glad to show you the light.

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ONE THAT SAVES ENERGY TOO IS MARVELOUS

PRINTING PAPER

SALES COMPENSATION SURVEY RESULTS PUBLISHED

As with many aspects of business, sales and sales management tasks are becoming more demanding and complex. The advent of electronic order entry, "just-in-time" systems, telemarketing, systems selling and a variety of other tools and techniques for streamlining the flow of information and product have contributed to the changing character and pace of the selling function. Today and in the future, selling is likely to become far more of a team effort than in the past, with the contributions of individual field and inside personnel becoming more rationalized and interdependent.

Printing Paper Sales Compensation, a new report by the National Paper Trade Association, inc., describes a dynamic process. Paper merchant managers always seem to be concerned about it. Surprisingly, though, most survey respondents were fairly well satisfied with their current compensation programs for sales managers and both inside and outside sales people.

The survey findings are many and important to the overall understanding of how industry people are paid. The NPTA report showed that most all printing paper sales managers who supervise 60% of their time or more receive a salary (98.2%), with about two-thirds receiving bonuses. Only 36.4% of general line sales reps receive a salary, as expected; and 87.2% of customer service people are on salary with about one-third receiving bonuses.

Most organizations offer some form of health (92%) and life insurance (88%) to all employees. Disability insurance is provided by about two-thirds of the companies, profit sharing by 44%, and pension and educational reimbursement plans by one-third.

Payment schedules vary, but about half of all companies responding to the NPTA survey pay their people every other week. The other half is split between weekly and monthly.

The commission structure for printing paper distributors varies greatly. The report shows that 72% of the merchants responding have minimum order size requirements before commissions are paid. The minimum order average was $76, but ranged from $20 to $200.

There are many other significant conclusions and statistics drawn from the *Printing Paper Sales Compensation* survey just released by NPTA relating to cars, entertainment, hiring practices, turnover, sales force compensation, and average salaries for each group. The book is available from the NPTA Communications Department at $40 each for members of the Association and $50 for suppliers.

NAPM REPORTS PAPER PURCHASING PATTERNS

The National Association of Purchasing Management (NAPM) checks paper

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purchasing each month as part of their "Report on Business." This survey of purchasing managers gives paper merchants a perspective on what the customer is thinking. The following was reported in August 1986.

UNCOATED FREE SHEET: Those surveyed showed that uncoated free sheet was in very strong demand with some "loosely monitored 'allocations' or 'reservations." They report grade shipments up through the first quarter and imports up 54%. Imported uncoated free sheet now accounts for 4.6% of total U.S. consumption in this grade.

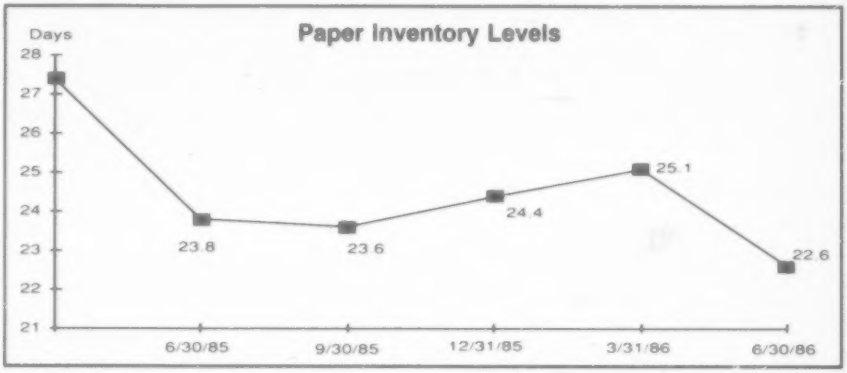
COATED PAPERS: Purchasing managers expect to see coated stock in plentiful supply for the next 3–6 months.

BLEACHED BRISTOLS: Signs of tightening of supply are present, states NAPM, and backlogs are increasing. Production of bleached bristols has moved up rapidly to fill demand. In the first four months of 1986 (compared to the same period the year before), production surged 9.3%.

NAPL Survey — Average Order Backlog In Days

Industry Group	1985 July 1	1985 Oct. 1	1986 Jan. 1	1986 April 1	1986 July 1	Record§ High
All Groups*	14.8	14.9	15.8	14.8	14.6	18.0
Sheetfed	12.4	13.5	12.5	12.5	11.0	17.3
Heatset Web	23.9	21.0	29.2	20.6	21.8	35.0
Nonheaset Web	17.2	21.7	20.5	19.9	18.9	22.8
Business Forms†	10.6	9.7	9.6	12.6	12.0	19.9
Quick Printers	4.7	5.2	3.9	3.7	4.0	5.4

§ Highest reported backlog 1980 through 2nd Quarter, 1986, inclusive.
* Excluding Quick Printers.
† Data for companies that product business forms as a secondary (not a primary) product.



PRINTING INDUSTRIES CONFERENCE

Discussions on the handling and utilization of materials in the printing plant will take place at the Marriott O'Hare Hotel in Chicago October 29-31, 1986. Topics will include signature storage alternatives, ink handling, materials flow analysis, trends, opportunities and more. The conference is sponsored by the Materials Management Group, a sub-section of the Conference Board of Major Printers. For more information, contact Laura M. Yoder, CBMP, Printing Industries of America, Inc., 1730 North Lynn Street, Arlington, VA, 22209; 703-841-4803.

PAPER INVENTORY LEVELS DROP AT PRINT SHOPS

The average level of paper inventories on hand in the printing plants that participated in the Business Indicator Survey of the National Association of Printers and Lithographers showed a decrease of 2.5 days during the second quarter of 1986. Like order backlogs (see table), paper inventories are now well below the levels of January 1 (see chart).

NAPL concludes that printing industry growth will not accelerate before the fall.

VIEW PRINTING TECHNOLOGIES ON VIDEO

A new award-winning video tape is now available from International Paper Company. "Pocket Pal: The Movie," an 18–minute videotape, dramatizes production techniques covered in IP's graphic arts handbook *Pocket Pal.* It is a training tool for printers, designers and other graphic arts professionals including merchants, advertising agencies and printing and paper sales organizations.

The latest in graphic arts technology, such as laser color separation scanners and digital imaging systems, is demonstrated. Produced in cooperation with Lee Daniels, Inc., a Boston commercial printer, it recently received a red ribbon in the American Film and Video Festival Awards. It is available in 1/2–inch VHS or 3/4–inch U-Matic cassettes and a 16mm film version. For further information, contact "Pocket Pal: The Movie," International Paper Company, 77 West 45th Street, Room 32–71B, New York, NY 10036.

Continued on page 15

NPTA Testimonial . . .

Understanding the Dynamics of Distribution

A familiar soliloquy at the end of most training sessions attended by distribution sales representatives usually sounds something like ... "It was O.K. stuff all right but it really doesn't fit our business."

No more can that old cop-out be used ... for now we have *Understandiang the Dynamics of Distribution* ... featuring D. Bruce Merrifield.

This compact program is an excellent medium to create, within your organization, an awareness of what the distribution business consists of, why it continues to be a vital force in American business and what *everyone* in your organization can do to help increase productivity and profits.

The material is presented in an easily digested modular format of nine individual segments ... each a stand-alone unit. The program comes with an easily understood Leaders Guide and individual Participant Workbooks. This format allows the program to be conducted in sequence if desired, or with specific modules directed at your employees, vendors and customers ... a truly versatile package.

The modules are easy to administer and minimal preparation is necessary. Anyone with a knowledge of the distribution business and some basic leadership skills will do okay. Bruce lays the groundwork on the video tapes; the workbooks reinforce the concepts and the administrator's job is to coordinate the program and expand on the materials.

At the Zellerbach Paper Group we have been utilizing Bruce Merrifield, in the flesh, since January of 1985. Bruce has conducted sessions with our Management Group as well as the Sales Organization. To date, over 375 Zellerbach employees have been confronted with Bruce Merrifield's challenges on a better way to operate a distribution business. The major drawback until recently was how to follow-up after his one-day seminar ... *Understanding the Dynamics of Distribution* has solved that problem.

One complete program will be distributed to each of our four major locations ... the materials will be utilized by local trainers or managers to reinforce the concepts that each functional unit deems to be of greatest importance. The program will allow the functioning units to review the major points of Bruce Merrifield's presentation and will provide ample time for review of each segment so that practical applications can be determined and implemented—an almost ideal follow-up program.

Understanding the Dynamics of Distribution is the type of program that will benefit the complex many-branched distributor as well as the single-sited business eager to increase productivity and profits. NPTA is to be commended for its endorsement, support and distribution of programs of this caliber.

By Michael Warren
manager training & development
Zellerbach Paper Group

For more information about obtaining a copy, contact Bruce H. Linden, NPTA's Director of Training and Education

CAREW POSITIONAL SELLING WORKSHOPS AID BUTLER PAPER

About three years ago, Butler Paper Company began a search for a sales skills development strategy that would provide our sales professionals with the tools, skills, and analytical ability it takes to be consistently successful in a highly competitive marketplace. Most of our training programs up to that point focused on product knowledge and basic sales skills. It occurred to us, however, that we needed to supplement the training we were doing with an approach that focused on strategy as well as skills.

This approach had to be geared not only to short-term sales, but also to the long-term relationships that help insulate Butler from competitive activity. We also wanted a program that, in addition to benefiting the new Butler Paper sales professionals, would serve as a touch-up event for our experienced professionals as well. Our search ended in Golden, CO, with Carew Positional Selling Systems and their Positional Selling series of workshops.

The first step in this unique approach was for me to attend a trainer certification process. This process enabled me to conduct customized skills improvement events in-house. Frankly, we made an enormous commitment to Positional Selling and to date, we have not been disappointed.

Sales professionals that are Positional Selling-trained are better equipped to survive and prosper in the highly competitive printing paper environment. We have run some seven workshops which have been received extremely well. We have discovered that participants easily recall the skills and strategies covered in the workshop. In addition, because each event is customized to the realities of the Butler Paper Company sales professional, there is immediate transfer value from the classroom to the field. Consequently, sales professionals are putting these tools to work immediately.

Because we have developed inside training capability, we have total control over what is covered in these workshops.

NPTA Presents The 1986 Industrial Division's Cleaning & Maintenance Supply Symposium: The Role of The Paper Merchant

Nov. 17–19, 1986

The Sheraton-Atlanta Airport Hotel, Atlanta, Georgia

A two-day interactive symposium has been designed to aid merchants to test their marketplace for this exciting product line, learn how to merchandise these products, learn which of these product areas are most germane to industrial merchants and how to use their current warehouse facilities most effectively in selling cleaning & maintenance supply. The speakers are experts in all sides of this business from the manufacturing side to the sales side and of course the distribution side.

The symposium will also feature an industry-wide reception and dinner where distributors will have an opportunity to meet with cleaning & maintenance suppliers, who are cordially invited to attend.

Schedule of Events

Monday, November 17, 1986

Dinner on your own

Tuesday, November 18, 1986

8:00am–8:45am–	Registration
9am–12 Noon–	What kinds of products and services are traditionally sold as cleaning & maintenance supply? Product types, financial considerations and the services and sales administration of each will begin this symposium. *Floor Care Products:* David Holtzman, TEC Products, Jersey City, NJ *Non-Wovens & Other Products:* Jack Woodhouse, Standard Paper Sales Co., Asheville, NC *Chemical Products:* Richards "Dix" Jarden, Bullen Chemical Co., Folcroft, PA (ISSA Chairman)
12 Noon–	Lunch
1pm–	How and why to train your sales force to sell cleaning & maintenance supply—Jack Woodhouse, Standard Paper Sales Co., Asheville, NC
2pm–	Who is the customer and what is he looking for?—Richards "Dix" Jarden, Bullen Chemical Co., Folcroft, PA (Chairman International Sanitary Supply Association)
3pm–	Are specialists necessary and what do they actually do?—Steve Raggucci, Dowd Paper Co., Woburn, MA
6:30pm–	Industry Reception
7:30pm–	Industry Dinner

Wednesday, November 19, 1986

8am–	What aids can merchants expect from manufacturers and their representatives?—Ken Koblitz, Americo Manufacturing Co., Ackworth, GA
10am–	Coffee Break
10:15am–	How to beef up your marketing program and company image in order to sell cleaning & maintenance supply.—Ken Koblitz, Americo Manufacturing Co., Ackworth, GA
12 Noon–	Lunch
1pm–	Customer Services: How does cleaning & maintenance supply service differ from traditional paper sales service?—John Plant, Maintenance Equipment Co., Tucker, GA (ISSA President)
2pm–	How does OSHA's hazard communication standard affect your business?—Jack Ramaley, Executive Vice President, ISSA, Chicago, IL, Mike Weir, Chadbourne & Parke, New York, NY
3:30pm–	Future trends in cleaning & maintenance supply: What does the future hold?—John Plant, Maintenance Equipment Co., Tucker, GA, and Ken Koblitz, Americo Manufacturing Co., Ackworth, GA
4:30pm–	Departure

REGISTRATION INFORMATION

DATES
NOVEMBER 17-19, 1986

LOCATION
SHERATON-ATLANTA AIRPORT HOTEL

FEES:

MEMBER	NON-MEMBER	SUPPLIER (RECEPTION & DINNER ONLY)
$225.00	$325.00	$45.00

Fees include: One Industry Dinner, Two Luncheons, One Industry Reception and Coffee Breaks

Are You A Member of NPTA?
Those participating who wish to become members of the National Paper Trade Association may apply 50% of the difference between the member and non-member fee toward their first year membership dues.

Cancellation Policy
All cancellations must be in writing and confirmed by phone. If you notify NPTA at least two weeks prior to the opening date of the seminar, 100% of your registration fee will be returned. For cancellations received within two weeks of the opening date, a 25% charge will be incurred; 72 hours a 50% charge will be incurred; within 72 hours, no refund may be given.

Deadlines
Your registration must be received at NPTA Headquarters at least seven days prior to the seminar. The Association will honor each registration in order of receipt. Since a seminar may not be optimally effective without a minimum number of participants, NPTA reserves the right to cancel in certain instances. If so, you will be notified at least seven days before the seminar and receive a full refund.

Accommodations
Accommodations are not included in the registration fee. NPTA has reserved a block of rooms in the hotel listed. If you wish accommodations, please contact the hotel directly in order to reserve space.

Be sure to mention that you are attending this NPTA seminar to be guaranteed the corporate rate. If you encounter any difficulty whatsoever, please contact NPTA.

The Sheraton-Atlanta Airport Hotel
1325 Virginia Ave.
Atlanta, GA 30344
(404) 768-6660

Rates
Single—$60.00
Double—$65.00

Registration Card

National Paper Trade Association, inc.
Industrial Paper Division
111 Great Neck Road
Great Neck, NY 11021

YES, Please reserve a place for me at the Cleaning & Maintenance Supply Symposium, November 17-19, 1986 _____/I would like to attend the Dinner only _____

☐ Check enclosed ☐ Bill my company ☐ member ☐ non-member ☐ supplier

Name _____

Company _____

Street Address _____

City _____ State _____ Zip _____

Phone # _____

If you need additional information, Call Richard J. Lerman, 516-829-3070

The workshops themselves are designed to allow the participants to direct the energy and emphasis. This enables us to focus on the issues that are important to a specific group, ensuring that the investment in time and money gains the maximum return.

Positional Selling graduates are rapidly creating a position in our marketplace as the standard by which all paper merchant sales people are evaluated. They work hard on making that standard so high that other efforts pale by comparison.

We were delighted with the initial results. The Positional Selling technology has passed the test of time over these last two years. The results, in the form of increased sales and increased profits, are ongoing.

By John J. Burgess
vice president-planning
Butler Paper Company

For more information on obtaining this program, contact Bruce H. Linden, NPTA's director of training and education.

INDUSTRIAL PAPERS

NPTA INDUSTRIAL DIVISION TO HOLD CLEANING AND MAINTENANCE SUPPLY SYMPOSIUM IN ATLANTA

NPTA's Industrial Division has announced that it will present a two-day symposium on cleaning and maintenance supply November 18th and 19th at the Sheraton Atlanta Airport Hotel in Atlanta, GA. The symposium will feature sessions on how merchants can test their markets to see if these products are for them, how to merchandise sanitary products, which products are most germane to industrial merchants' business and how to use their warehouse facilities most effectively in selling sanitary supplies.

Suppliers of cleaning and maintenance supply products will be invited to attend the Industry Reception and Industry Dinner on November 18th. This will be an excellent opportunity for all to get to know distributors and learn more about this very lucrative business.

Registration forms and reservation materials are available elsewhere in this publication and from the NPTA office. For further information, contact Richard J. Lerman, Director of Marketing & Membership Services at NPTA, 111 Great Neck Road, Great Neck, NY 11021, Phone# 516–829–3070.

See Symposium Registration Form on pages 13–14

FAMILY MEALS A THING OF THE PAST?

According to a report in *USA Today*, sit-down family meals may be a thing of the past. A recent survey of 2,077 women found that 43% of their families eat breakfast separately and 29% eat dinner separately. Twenty percent of those surveyed eat together as a family only on weekends.

The survey was conducted by Mark Clemens for Conde Nast Publications. Of those questioned, 34% only eat when they are hungry. This finding supports "meal grabbing" as the newest pattern in eating habits.

The findings support the concept that convenience is an asset for any home product. Since disposables are thrown away rather than washed and reused, they make for far more convenient products in the home. In many families, time saved in clean-up is a very valuable commodity in this day of fast lifestyles.

CONVENIENCE STORE SALES SURGED IN '85

A recent edition of *Nation's Restaurant News*, reports that the prepared-food segment of convenience store business surged 57% in 1985 to a total of $4.7 billion in sales. Prepared food represented 13.1% of non-gasoline sales, according to a study conducted by the National Association of Convenience Stores (NACS). Of prepared food items, deli services were the fastest growing category. Large profit margins have encouraged convenience store owners to expand in-store feeding facilities. Profit margins on fresh foods are 50%, compared to the 27% margin on beer, 22% for milk, and 21% for magazines. The typical convenience store chain last year increased its expenditures on fast food equipment and food related products (packaging, napkins, cups, etc.) by 35% in cities.

All of this makes the convenience store a very attractive customer for industrial paper merchants.

FLAMBEAU?

Isn't that some kind of Spanish dance?

No. That's Flamenco.

Flambeau is a producer of papers that dance with brilliance, color and opacity!

We're a fresh, new thinking paper mill that's 90 years old. Our range of commercial printing papers and reprographic papers cover virtually all uncoated whites, colors and opaques, text and cover weights. Our equipment and technology are as advanced as any in the industry.

Yet by being smaller and less structured than the so-called "giant" mills, we can provide the turnaround, flexibility and cost-efficiencies required by today's paper merchants and users.

We work hard to take the pressure off you when the going gets tough and you need . . .

The Right Paper. The Right Price. Right Now!

Let's talk, person to person. You'll find we understand your problems and can be very repsonsive in meeting your needs for "The Right Paper. The Right Price. Right Now!"

For information, call 1-800-826-6634 or write

FLAMBEAU *PAPER CORP.*
A SUBSIDIARY OF PENTAIR INC.
200 NORTH FIRST AVE. • PARK FALLS, WI 54552

Francis Houlihan: NPTA's New Board Chairman

On Sunday, September 14, 1986, Francis J. Houlihan was elected chairman of the board of the National Paper Trade Association, inc. His election took place during the Association's National Convention. Mr. Houlihan will serve his industry as chairman of NPTA through the Association's next Convention to be held in Atlanta.

After graduating from high school in Chicago, Francis Houlihan joined the U.S. Marine Corps. With three years of service under his belt he began attending night school and went to work for a tape manufacturer as a trainee.

Houlihan's experience in the paper industry gave him a unique perspective on the role and function of the distributor. His business sense directed his company to become more and more specialized in one field—industrial packaging. Today, walking through the warehouse of Fleetwood Paper Company, one sees strange products unlike those usually found in a paper distributor's stock: giant rolls of laminated products, foils and others.

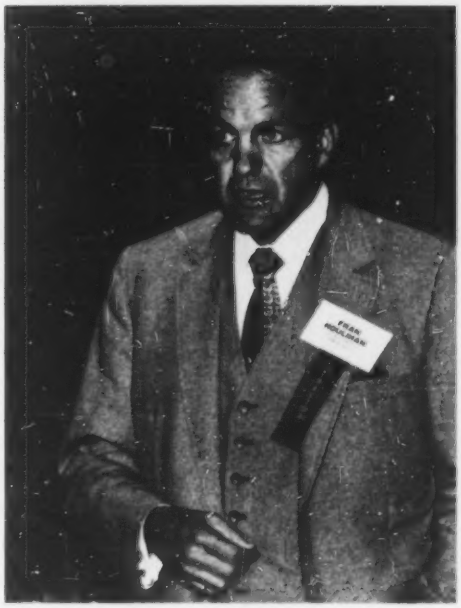
What makes Fran Houlihan and his company unique is that he does not just fill a need that is expressed by a customer. He creates the need. With unique packaging ideas, his customers find new applications that they can sell.

As NPTA's new chairman of the board, Francis J. Houlihan brings an awareness of a specialized segment of paper distribution to the forefront. He spoke with NPTA president John J. Buckley, Jr., in this exclusive interview.

MN: *As we all know, one's family life is important to one's success in the office. Tell us a little about your family.*

Houlihan: I'm married and have four girls, ages 13, 22, 24 and 26. I've been married 27 years and I agree wholeheartedly that my success in the business world could not have been achieved without support at home. The balance between family and business is always a very thin line, and I'm sure I've put pressure on that many, many times.

In the case of Fleetwood Paper Company, our company has carried out the family style of doing business. We're family oriented in our company, a very stable group.



MN: *With four daughters and some out of college, do you think any of them will wind up in the business?*

Houlihan: No. Not full-time. My oldest works for me on a part-time basis. She just had a baby. I don't think that will happen because I have never encouraged my family into the business. I've always tried to keep family situations out of the business. I don't want to lose my objectivity. There is no way in the world you can be objective when managing a dependent.

MN: *Is this true for all people in your company?*

Houlihan: Yes. We don't hire dependents of any employee. And I don't see that changing. Especially in a small company like ours with only a couple dozen people, everyone knows what everyone's doing anyway; they know my philosophy. I've also encouraged our younger people to take roots in the company because one day they will be running it. Fortunately, I have people who are on that track and will be running and owning Fleetwood somewhere down the line.

MN: *How did you get started in the paper distribution business?*

Houlihan: I went to work for the Tuck Tape Company in 1956 as a sales trainee, and worked for them for six months. I was 22 years old. At that time, they had what they called a "Tape Consultant" program in the United States. The

program involved placing trainees at distributors to learn to sell that line of tapes. I received $400 a month—half from Tuck and half from the distributor.

MN: *What distributor was that?*
Houlihan: Fleetwood Paper Company.

MN: *That's terrific; you're still there!*
Houlihan: My second day on the job Mr. Joe Krueger walks in and says, "What are you doing here? Get out and sell!" I had never sold before. He handed me a beautiful sample case with tapes in it. The only problem was that they were all 3M tapes!

MN: *I guess you liked being at Fleetwood.*
Houlihan: It's been my life. We were owned by Georgia-Pacific from 1961–1965. That was a good experience for Fleetwood and myself because of the exposure to a large company. After that Krueger bought the company back from G-P in 1965. Then Walter Johnson and I bought it in 1968. In 1979 I bough' him out.

MN: *What is Fleetwood doing today?*
Houlihan: The company has changed greatly from what it was 20 years ago. In those days, it was food service-oriented in terms of packaging. Today, we are 100% industrial packaging and cater to heavy industry. We provide material for any manufactured product that must be protected or enhanced cosmetically. It is the paper or plastic to protect that product in shipment or on the shelf. We try to be as specialized as we can in this area.

MN: *You have seen many changes in the packaging business in the 30 years that you have been at Fleetwood. What changes do you see ahead in the industrial packaging distribution business?*
Houlihan: At Fleetwood, we see a very positive future for our type of business in the industrial packaging world. Heretofore, many of the items we sell were sold by converters. Industrial packaging distributors would have never dreamed of selling these products. We have developed this niche for ourself because it brings new creativity to companies we deal with. It gives us the opportunity to develop new horizons, to create new packages.

Every product that is manufactured today has some packaging around it. And because of the great change in products, packaging requirements are constantly changing. What wasn't a problem yesterday may very well be one tomorrow. We are able to go into a company and solve problems in packaging or bring new ideas in packaging to that product. The only limitation is ourselves. There is tremendous opportunity to develop our type of business in the world today. We are very bullish.

MN: *Do you have people on your staff who would be called packaging engineers to design and test the technical side of this business?*
Houlihan: We have individuals on our staff who are called "sales people." We train sales people to do this kind of selling. It's very sophisticated selling, but selling nonetheless. It requires a creative, rather intelligent individual and it takes us five years to train them to be a true packaging sales specialist. There is much that goes into their training in that five-year period. We keep it focused. We know our niche.

MN: *If you were going to give some advice to some young people coming into the paper distribution business, whether it is in industrial packaging or other sectors of the business, what would you tell them?*
Houlihan: I would tell them to learn the industry well. After college, be prepared to serve some apprenticeship. Don't expect to gain success overnight. Dedicate yourself to your profession. Learn as much as you possibly can as quickly as you can. And strive to be the best in your chosen field.

MN: *That sounds like good advice for anyone.*
Houlihan: The day of the general line salesman in our industry is over, in my opinion. Today they must learn to be as specialized as possible to be successful.

MN: *What opportunities do you see ahead for paper distribution?*
Houlihan: The distributor must put forth the energy to fulfill the need that the mill has as well as the customer. The distributor must create a niche for himself. He must justify his existence by providing warehouse space, credit to the customer, new product development, sales and service.

MN: *Any threats?*
Houlihan: Mergers, acquisitions, mills selling direct to the customer, and customers going out of business. Beyond that, I think our busi-

We see a very positive future for our type of business in the industrial packaging world.

NPTA should be the Guiding Light in the Paper Distribution Industry

ness is changing, and that can cause problems for some. The skills you must have and the business refinements you need are more acute today. Prior to the 1980s, world supply was less than world demand. In the '80s we've seen that turn around. Virtually any manufactured product you can think of is greater in supply. This makes for more companies going after the same amount of business. To do that, you have to be smarter, more aggressive and run your business more astutely than you have in the past.

Bankruptcies are now more common than ever before. We have to safeguard ourselves from setbacks. In our company, for example, we insure the bulk of our accounts. This is something we felt we had to do and it's just a cost of doing business. Credit risks today are great. We've always prided ourselves on doing business with the finest companies, but it's getting more and more difficult to keep receivables where they should be, etc.

MN: *You have been personally involved with the NPTA as a volunteer leader for six years. What has the experience been like?*
Houlihan: It's been a broadening experience. It has shown me on a national scale what the paper distribution industry is all about. It has given me a much broader view of this business and I am seeing many more facets than I had seen before. The exposure to the people part of it has been wonderful. I have met some excellent folks.

MN: *What changes in NPTA have you seen during that time that have benefited member companies?*
Houlihan: I have seen NPTA begin to mature as an organization. The staff and headquarters at Great Neck have taken on a very cohesive and structured focus. The member companies hopefully are more involved in NPTA and certainly have derived some good benefits from the programs that were developed by NPTA.

MN: *What are the member benefits to a company like yours?*
Houlihan: We have participated in the Paper Distribution Management Development Program held at Miami University, Oxford, Ohio, and have purchased Bruce Merrifield's video and "The Role of the Paper Merchant" as well as other books. We also receive the Performance Analysis Report(PAR) which we feel is a great comparison tool to have. And last, but not least, we are now a member of the group health insurance program which provides good benefits at a cost savings.

MN: *What role should NPTA play in the paper distribution industry?*
Houlihan: NPTA should be our leader. NPTA should be the guiding light in the paper distribution industry. They should become a very strong leader in preserving, broadening, and keeping on line what we are all about. In many ways, NPTA should be telling us what is going to happen tomorrow by advance research into the "unknown."

MN: *How do you view your role as NPTA Chairman?*
Houlihan: To first develop and make education a byword in the paper distribution industry. The more we educate our salesmen, customer service people and our managers, the more professional we become and we maintain a higher level of excellence.

My role will be to strive to begin to see the NPTA grow into an even larger organization by attempting things that perhaps were unheard of or looking for new horizons. I will help to initiate that function.

MN: *What will the future be like for NPTA?*
Houlihan: I would like to see the president of NPTA say to its membership, "Gentlemen, here is what we see happening in our industry now." The president is taking a more aggressive leadership role in the organization. Chairmen come and go, but the president is there year after year. We are only a tool to help him develop the organization. We are a sounding board, a role player. The president of NPTA will hold our guiding light.

MN: *We spoke of threats and opportunities before. What do you feel will affect NPTA as an organization in the next three to five years?*
Houlihan: Apathy could affect us negatively. We can't allow that to happen. We must stay vital by having strong leadership. We can't lose our members to other organizations that in theory could do more for them. In actuality, the NPTA is our extended business "family," providing us with education, information, communication and the many services we so enjoy. Like a family, each of us makes his contribution so that our association remains a viable and successful "home."

MN: *Thank you very much.*

Promoting Paper Products in 1990 by Computer

Sales people can take on a greater responsibility for promotion and management of the paper products they sell through the use of new technology.

The future is here to stay. So is selling. By the 1990s, just a few short years away now, sales people in the paper business will be noting some changes in the way they handle their accounts. And some of those new wrinkles have already begun to challenge the sales specialist to live in the future.

Portable Computers

Portable computers will finally hit their stride by 1990, reports Info Corp. They project nearly 11 million units will be sold that year, more than doubling the number that will be sold in 1989. "Laptops," as they are often called, allow sales people to log orders, forecast sales or hook into the distributor's home computer from the customer's office to check on inventory or place an order.

The "PC Revolution" is consuming everything in its path. Although paper distributors have logged other industries in using the new technology, merchants are now picking them up quickly. Sales people are still more likely to have a PC at home to play video games than to keep tabs on their customers. But that is changing. By 1990, sales people in all commodity lines will be using personal computers to some degree whether it is in the office, the home or the briefcase.

Desktop Publishing

Sales will discover the power of "Desktop Publishing" in a few years also. Using a PC to create complete typeset-quality documents right on the screen and print them out on a laser printer, will allow sales departments to create professional-looking, customized documents to improve both prospecting and customer service. Brochures, catalogs, flyers, product sheets and manuals will be easy to generate by someone with no experience in typesetting, like a salesman. CAP Associates reports that in the 1985–1990 period, such publishing will explode by 1,683%.

The unchartered desktop publishing business was pioneered by Apple with their Maccintosh, but others are now quickly following suit. IBM is coming along now with new personal publishing software for their ubiquitous PC—something that many people have been waiting for.

By 1990, there will be many desktop publishing choices for the paper merchant and at a price that competition is driving down.

Telemarketing by Computer

"Selling by computer" may be just a fancy name for telemarketing which used to be called selling by telephone. The difference for the telemarketer in 1990 will be that he or she will probably not be able to do the job without a computer. Programs exist now for a company's resident computer system that helps those in telephone sales track customer buying patterns. These programs can pop up on the screen the companies that should be called each day and give details about their ordering history, plus an on-screen notepad for the telemarketer (Joe's wife had a baby; the baby's name is ...etc.). The computer-telemarketer can appear to be very, very well informed to the customer. It also means that their productivity will be much greater because the computer is doing the tracking automatically.

Beyond 1990

No one can really look much past 1990. The one thing that is for sure is paper merchants will be selling paper products. Computerization in all its forms will help to improve productivity. As in the past, expansion will not be possible without it. Larger and more powerful mainframes will become the standard for chain operations in the '90s as will the smaller versions in the individual houses.

Sales people in the 1990s will find the computer an integral part of their work. Many merchants now attest to the fact that they couldn't get by without their computer system. By the mid–'90s, just as many sales people will be saying the same thing

Functional Area Expenses—High vs. Low ROTA Firms

The seven major operating expense areas for paper merchants (storage, handling, delivery, office, administrative, sales service, selling) are watched very closely. ROTA — Return on Total Assets analysis highlights the differences between high and low-profit firms.

The Association's annual Performance Analysis Report (PAR) is an in-depth financial analysis of paper merchant operations that tracks: sales, profitability, operating expenses, asset and financial management. Over 300 different ratios are developed by Management Foresight, Inc. of Columbus, Ohio, NPTA's financial consulting firm retained for the PAR survey.

Probably the most valuable ratio in the PAR is Return on Total Assets (ROTA). ROTA is a profitability measure which relates profit earned on sales to a firm's asset investment. Following is the ROTA formula:

$$\text{ROTA} = \frac{\text{Net Profit On Sales}}{\text{Total Assets}}$$

This measure, which evaluates a paper merchant's combined performance in two key areas, namely profit margin performance and asset management, is so vital that all companies participating in PAR are ranked as high, median or low ROTA firms. A "high" ROTA firm is one that has results mid-way between the very strongest and the median value. A "low" ROTA firm's results are at the mid-point between the weakest and the median value.

The *most* efficient or high-ROTA merchant in 1985 had combined total functional area expenses of about 76% of gross profits. These were industrial paper firms. High-ROTA printing paper firms had total expenses of 83.9% of gross profits and the best performing dual merchants had expenses equal to 89.6% of profits. By contrast, low-ROTA firms' expenses equalled 111.3% of gross profits for industrial merchants, 107.5% for printing, and 100.4% for dual firms. Refer to the Table for 1984 and 1985 functional expenses relative to gross profits.

Physical distribution costs (storage, handling, delivery expenses combined) accounted for a minimum of 20.1% of gross profits in 1985, for high-ROTA industrial firms (23.6% for low-profit companies). These expenses remained the same at 29.2% for high-ROTA dual houses and rose from 27.3% to 28.4% for high-profit printing paper merchants. High and low-ROTA firms differ significantly —there was a 77% spread between high and low-profit industrial merchants for storage/handling/delivery combined expenses in 1985.

Sales service (inside sales support, telemarketing, etc.) and selling costs (outside sales reps) ate up at least 33.8% of gross profit dollars during 1985, for the *most* profitable, printing paper houses (versus 34.1% in 1984). These expenses relative to gross profits accounted for 36.9% for industrial firms (down from 37.6% in 1984) and 35.3% for dual firms (33.4% in 1984). The *least* profitable or low-ROTA merchants had sales service and selling expenses of as much as 41.7% of profits.

Office expenses ate up an additional 8.7% of gross profits (at best). However, all three types of paper merchants managed to cut these expenses in 1985 (both high and low-ROTA groups). On the other hand, administrative expenses were up for all three groups, to 12.8% of gross profits at a minimum. Administrative costs relative to gross profits rose sharply for dual houses, from 9.9% to 15.1% for high-ROTA firms.

Industrial merchants had the lowest expenses (high ROTA group) relative to gross profits in every area except selling expenses. Printing paper firms had the lowest selling costs.

As one can see from the Table, the spread between the high and low-profit performers is significant, in excess of 100% in several areas such as storage, handling and sales service expenses. Obviously, depending on individual company style and mode of operation, a firm's results will differ from these industry averages. But, it is useful to compare yourself with your printing, industrial or dual merchant peers to see where your company falls between the best and worst performers in the industry.

Note: For additional ROTA information from the NPTA/MFI 1985 PAR survey, consult the 1986 edition of *Paper Merchant Performance*, or the Research Department.

QBCR THIRD QUARTER SURVEYS MAILED

More than 160 member locations participated in the second NPTA Quarterly Business Conditions Report (QBCR). For 24 companies, this was their first time reporting.

The third quarter survey forms have just been mailed. If you have not received yours, or would like more information, contact John LaRosa, director of research at NPTA headquarters: 516-829-3070. This is a free NPTA service.

Also note that the monthly NPTA sales, inventory and receivables report confidentially tracks these major areas by nine regions of the country and U.S. averages for printing and industrial paper distribution.

Each NPTA member location receives a monthly report on these industry trade activities at no charge. Participation is strongly encouraged. Contact John LaRosa for more details.

FUNCTIONAL AREA EXPENSE MEASURES FOR HIGH & LOW PROFIT FIRMS

(1985 vs. 1984 PAR Results)

Expenses	Low ROTA Firms		High ROTA Firms		Your Firm	% Spread Between High & Low ROTA Firms
	1984	1985	1984	1985		1985
Storage Expense As % *W.&I. Gross Profit						
Printing	8.89	9.95	5.60	6.52		52.6%
Industrial	6.01	7.58	4.44	3.69		105.4
Dual	8.14	5.10	7.24	7.98		36.1
Handling Expense As % *W.&I. Gross Profit						
Printing	13.45	13.07	10.55	10.99		18.9
Industrial	7.75	13.60	8.30	6.75		101.5
Dual	11.06	10.81	10.98	9.45		14.4
Delivery Expense As % *W.&I. Gross Profit						
Printing	13.24	15.19	11.17	10.88		39.6
Industrial	14.31	14.39	10.84	9.68		48.7
Dual	15.16	15.05	11.00	11.73		28.3
Office Expense As % Gross Profit						
Printing	13.44	13.02	10.46	8.75		48.8
Industrial	12.91	12.70	9.15	8.66		46.7
Dual	16.16	15.39	13.78	10.27		49.9
Administrative Expense As % Gross Profit						
Printing	18.57	18.36	10.81	13.72		34.0
Industrial	21.75	23.77	11.37	12.82		85.4
Dual	20.49	17.61	9.90	15.06		16.9
Sales Service Expense As % Gross Profit						
Printing	10.49	10.57	7.98	9.01		17.3
Industrial	7.58	9.15	5.10	3.48		162.9
Dual	10.11	9.42	7.48	7.06		33.4
Selling Expense As % Gross Profit						
Printing	30.08	27.38	24.86	24.06		13.8
Industrial	33.15	30.08	30.51	30.88		2.6
Dual	27.70	26.99	25.22	28.07		3.8
Sales Serv. & Selling Expense As % Gross Profit						
Printing	40.61	37.79	34.07	33.78		11.9
Industrial	42.16	41.69	37.57	36.85		13.1
Dual	38.19	39.46	33.35	35.27		11.9

*Warehouse & Indirect

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Paper Distribution's Volunteer Leaders

There are many members of the National Paper Trade Association, but few volunteer leaders. Fewer than 60 people hold positions of responsibility with NPTA. This is a special group that gives precious time for the betterment of the industry.

September 14, 1986, was the day that the membership of the National Paper Trade Association elected five industry leaders to hold positions of responsibility with the Association and asked one to extend his term on the board for another year. To confirm their elections, the chairman asked them to stand.

During the Annual Business meeting, others were recognized for their contributions to the work of the NPTA as their terms of office had come to an end.

Richard W. Abrams, president of the West Coast Paper Company, Seattle, WA, who was

NPTA Leaders cut the ribbon opening the 50th Anniversary Paper/Plastics & Allied Products Exposition in Boston on September 13, 1986. (L–R) John J. Buckley, Jr., NPTA president; Richard W. Abrams, NPTA past chairman; Francis J. Houlihan, NPTA chairman; James B. Brame, Jr., NPTA vice chairman.

Francis J. Houlihan

NPTA's chairman of the board for the 1985–86 year, presided at the meeting. Chairman Abrams asked those who completed their terms of office on the board to stand and receive their recognition. They were: Herbert Ginsberg, president, Grayco Paper Products Corp., Westbury, NY; George Jewett, president-Central Area, Mead Merchants, Cincinnati, OH; Herschel Maltz, president, Century Papers, Inc., Houston, TX; Richard A. Reeves, vice president, Hammermill Distribution Group, Erie, PA.

For continuity sake, four members of the Association's 17-member board are elected each year to serve three-year terms. Also elected each year is a new treasurer who sits on the board's executive committee. The treasurer then moves through the chairs to become the chairman of the board—the top elected industry official. Elected as treasurer at the Annual Business meeting was James J. Swearingen, executive vice president, Paper Corporation of America, Valley Forge, PA.

This year, one of the board members was asked to extend his term on the board for one year. Herschel Maltz, president, Century Papers Inc., will serve an additional year to fill the seat vacated when Jim Swearingen was elected treasurer.

Frederick J. Stabbert, Hammermill Distribution Group, was re-elected to the board's executive committee and will serve as first vice chairman. He will continue to head up NPTA's Printing Paper Division. James B. Brame, Jr.,

president of the Brame Specialty Company of Durham, NC, was elected second vice chairman with responsibility for the Association's Industrial Paper Division.

Francis J. Houlihan, president of the Fleetwood Paper Company, Franklin Park, IL, was elected chairman of the board of NPTA for the 1986–87 Association year. (See the in-depth interview with NPTA's new chairman in this issue.) All terms of office run from one annual Convention to the next.

New Board Members Elected

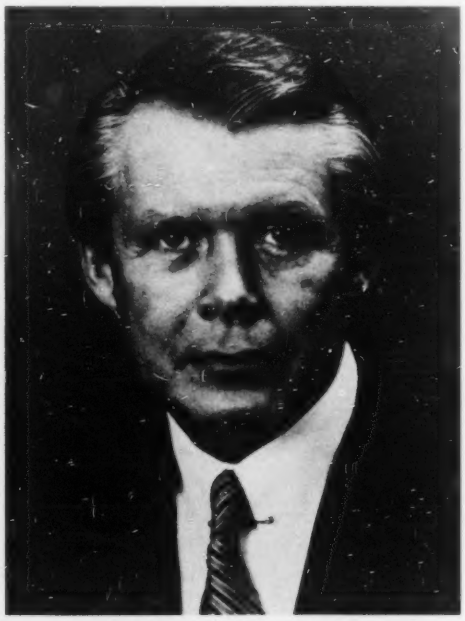
Michael K. Olthoff, vice president of Nichols Paper & Supply Co., Muskegon, MI, was elected to serve a three-year term on the Association's board. Prior to his election, Mr. Olthoff served NPTA as a member, then chairman of the Young Executives Forum Steering Committee.

James R. Pieratt, chairman and president of the Gascon Paper Company of Cleveland, OH, was also elected to the board. He has served NPTA for three years as a member of the Association's Industrial Paper Division Committee.

Henry G. Phillips, president of Clampitt Paper in Dallas, TX, was elected by the membership to the board of directors. Previously, Mr. Phillips served as a member of NPTA's Printing Paper Division Committee.

Alfred M. Schlosser, president of the Lindenmeyr Paper Corporation, was also elected to serve a three-year term on the board. His company, which specializes in printing paper distribution, has offices in nine eastern cities.

After their election, all were charged with upholding the bylaws of the Association and to work toward the continued improvement of the paper, plastics and allied products distribution industry.



James J. Swearingen

The Changing of the Guard

As the elections were confirmed, Richard W. Abrams moved to the executive committee position of past chairman. This is an important position on the board because it is necessary to provide leadership as well as support for the newly-elected chairman.

But what becomes of the sitting past chairman when he is replaced? Chairman Abrams asked that Frank Viegas, president of The Dowd Company of Woburn, MA, be removed to "The Wax Works," an endearing term for the Advisory Council which is made up of all past chairmen. Viegas has now taken the leadership of that group.

The accomplishment of this task was Richard W. Abram's last official act as NPTA chairman.

Francis J. Houlihan's *first* official act as chairman of NPTA was to announce: "This meeting is adjourned."

A Strong Committee Structure

There are many others who deserve recognition for their tireless work on behalf of NPTA. They work on the many functioning committees. Following is a list of the Association's committees and chairmen:

Advisory Council
Richard W. Abrams

Education and Training
William Ochsner

Industrial Paper Division
James B. Brame, Jr.

Long Range Planning
Brent Grover

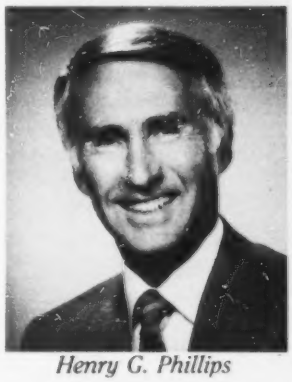
Management Information
Herb Brownett

Printing Paper Division
Frederick J. Stabbert

Young Executives Forum
Steven Ohrman

Michael K. Olthoff

James R. Pieratt



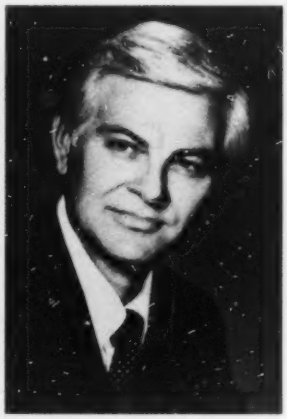
Henry G. Phillips

Alfred M. Schlosser

Dead Stock: The Profit and Control System Crippler!

This series is an excerpt from Gordon Graham's new book, Computerized Inventory Management for the Distributor-Updated!, planned for publication in 1987.

This is the second of three parts. *Phase 2: Identification*



By Gordon Graham

On the junk you already have, it's a bit late for "Prevention." (See Part 1: Prevention, September, 1986, *MN.*) The prevention defense failed to work. Someone made a judgement-call on this stock in the past, and it has turned out to be an expensive decision. Inventory "Control" misfired. All that's left now is inventory "Correction."

How many times, though, has a list been prepared in your company of items for disposition, only to have someone scream: "Oh, no! Don't get rid of that! I know we'll sell it sooner or later, and even if we don't, the customers would think we're going out of business if we don't have it on the shelf!" Hmmm...are you saying you must carry the stock for "show?" Are you in "Show Business" or the "Profit-Making" business?

Frankly, you can afford very little "show" stock. The only justification for having an item on the shelf is that customers buy it. If they've proven that they don't want it from you, then why keep incurring the 30% per year (or whatever) carrying cost? Couldn't you find a better use for the cash? You need a method to identify non-productive inventory that cuts into the junk and cuts out the arguing.

The Inventory Analysis Report

This analysis finds your productive and non-productive inventory investment. After calculating how much was sold at cost for each stock item over the last 12 months, the items are then sequenced by the answer. In the illustration, the best item sold $120,710 total at cost; the next best item totalled $105,119 for the year. Column C provides the cumulative percent of all stock sales represented by the first item; then the first and second together; then the first, second and third, etc. If your sales histories are complete and accurate, eventually this analysis will account for 100% of the stock sales over the last 12 months. (Note: This left-hand section illustrates the information you'd like also on any prospective supplier's line of products.)

The right-hand section gives the inventory picture. The current inventory investment for each item is shown in units and dollars, while Column E develops the cumulative percent of all inventory dollars as you move down the list. In the example, when 100% of sales is reached in Column C, only 61% of the inventory dollars are accounted for in Column E. Let's say that another way: It required only 61% of the inventory investment to generate 100% of the stock sales! ...which means that the other 39% of the inventory dollars generated how many sales? ZERO!

The items below the 100% sales line generated nothing, and if the company disposed of them, what would be risked? Let's go farther, though. If we moved back up the listing to the 99% sales point, what kind of items will be found in that last 1% of sales? You guessed it...the dogs! Stuff that for the entire last year sold $2.16 worth, or maybe $9.67, or even $.59 worth. But how much of the inventory might be sitting there to develop that last 1% of sales? In many companies, it's as much as 10%! In the illustration, that would mean 99% of the sales are generated by 51% of the inventory dollars!-49% of the inventory provided 1% of sales!

Of course you're thinking: "Our inventory isn't like that! 99% of our sales would require a much higher percent of the total inventory investment!" Want to bet? Why not run this analysis and find out? You may just get the shock of your life. One distributor president heard all this in a training session and was certain his situation was nothing like the one above. He was right. After running the analysis, he called me from the Coronary Unit. 88% of his sales came out of only 17% of the inventory. It was far worse than my example. You'd better run your company analysis before you decide: *"Ours couldn't be that bad!"*

Now What?
What's Done with Items Below 99% of Sales?

The next step is to list all items below the 99% sales line. Send the list to sales with these instructions:

Ladies and gentlemen, our company plans to dispose of all inventory on this list (one way or another) unless your people provide very specific reasons, on an item-by-item basis, why some should be kept in stock.

Certainly, there are good reasons why selected items should be kept:

1. The item is new. It really shouldn't have been included in the study because there's not yet 12 months of sales history on it.
2. An item "supports" other products sold previously. Repair parts often fall in this category. A designated parts list is maintained in stock, under either a legal or moral obligation to the customers who bought primary units...whether the parts sell or not. The obligation usually has a time limit, however.
3. An item on the shelf...even though non-moving...causes major customers to buy many other profitable items. This logic (for continuing to stock a dog) will be overused by sales. Require specifics: Which customers buy what other items just because the dog is also available from stock?
4. The item is "protected" stock for a major customer. It's been set aside for just that one account, to be maintained in stock whether he ever buys any or not...or until the agreement expires. Systems contract inventory can be of this type.

A good reason is not: "Boy, we sure used to sell those!" That's not news! In fact, it's the problem...not a valid reason for keeping the item! Neither is: "That customer has shut down production of the products that use these stock items. If they start up again, they'll expect us to have them!" How long are you going to sit on the non-moving items waiting? A year? ...two years? At 30% holding cost per year! Better that you rid yourself of the stock now, and add it back if the customer ever does need the items in the future.

Inventory analysis report

	(Section 1) Sold over the past year				(Section 2) Still in stock		
	A	B	C		D	E	
Item No.	Units sold in past year	Cost per unit	Extension (A × B)	Cumulative % of all sales	Units now in stock	Units × unit cost (B × D)	Cumulative % of total inventory
12346	1247	$96.80	$120,710	0.008%	196	$18,973	0.020%
45678	15,436	$6.81	$105,119	0.015%	3214	$21,887	0.043%
34629	18	$2456.10	$44,210	0.020%	3	$7,368	0.050%
(This list continues until the figures under Cumulative % of all sales (Column C) totals 100%.)							
etc.	etc.	etc.	etc.	etc.	etc.	etc.	etc.
327345	1	$0.18	—	100%	516	$93	61%

(The significant figure is 61% in Column E. This indicates that (100% − 61% = 39%) 39% of the inventory didn't sell.)

Rationale:

- The report shows an entry for every stocked item in this branch. The first item listed is the one that enjoyed the highest sales (units × unit cost) during the previous 12 months. The second item listed is the second best selling item in terms of total value moved through the inventory. The listing continues through many pages until all sales of all stock items are accounted for. Many items at the end of the list will show no sales activity at all.
- The right-hand section of the report shows the current inventory investment for each item listed and a running cumulative percent as the list progresses of how much of the total inventory investment has been accounted for to this point.
- The astute reader may have already guessed what this analysis will reveal. When 99%, for example, of the sales at cost for the year (through stock) has been reached on the list, what percent of the total inventory investment will have been accounted for? 60%? . . . or 53%? . . . or hopefully, 90%?
- The analysis identifies all stock items that are contributing less than 1%, or 5%, or whatever level you select of the sales. You could get rid of all those items and risk losing only 1% of the sales you experienced during the last 12 months. A branch manager might really want to argue this statement. "We have to keep that stock of item 908762 to assure that we'll get the good stuff XXX Mfg. buys from us!" No problem. Keep it. Keep every one of the items someone can give a specific reason for retaining. But get rid of all the rest. The fact is: They are contributing nothing!
- In too many distributors' inventories, as much as 30% or 40% of the total investment may be below the 100% sales line. Zero turns per year. No sales activity at all. Obviously, these are the candidates for disposition. Realistically, you should cut more deeply. Items below the 98% sales line ought to be dropped from stock as a general rule.
- Often, a distributor will keep a stock item active if one unit sells in a year's time. More than likely, he could have supplied the item on a special order to the manufacturer and his customer would not have complained. But because one piece sold, the item stays on the shelf for another year.

How Much Can Sales Justify Keeping?

If you now have 10,000 items in stock, the stuff below the 99% sales line could well total 4,000 items. Of these, sales will likely have valid and acceptable reasons why 10% of the list (400 or so) should be kept. Fine, keep 'em all! Keep every stock item that sales feels, with reasonable logic, that shelf stock must be maintained. The intent of the Dead Stock Program is not to cripple the company. It's to get rid of the non-productive inventory investment with a minimum of risk to sales.

The Other Foundation: Accurate Sales Histories

In my training sessions, I emphasize two critical foundation stones needed to support an effective system. The first is accurate records of what's on the shelf. The foundation is important here also, but the other one is even more important in a Dead Stock Identification exercise. Can you imagine how silly you'd feel to list a bunch of items, telling sales "these don't move," and that you intend to get rid of them...only to have some salesman hand you a bunch of sales order copies with the items shown? "Hey, look here!" the salesman says. "I told you we sell these! Your stupid computer has always been fouled up. It doesn't show these sales at all!"

If your sales and transfer histories on stock items are incomplete; if stock items get coded as non-stock because someone didn't want to look up the part numbers; if paperwork is often processed around the computer; well...you can throw your Inventory Analysis Report in the trash. You'd be laughed out of the building when you showed it to sales. The second foundation stone, accurate, complete, timely sales histories for all stocked items, is vital to the success of your dead stock identification phase.

Next Month: Phase 3: Coordination and Phase 4: Disposition

New Law Requires Continuation of Employee Health Care Coverage

With enactment of the Consolidated Omnibus Budget Reconciliation Act (H.R. 3128), most employees now have the right to continue group health care coverage under their employer's health plan if they retire, resign, are laid off, or go from full-time to part-time status. An employee's spouse and dependents are entitled to continued coverage upon the employee's death, entitlement to Medicare, or following a divorce or legal separation. In addition, dependent children become eligible for continued coverage when they reach the maximum age for coverage under the group health plan.

Continuation of employee health care after employment ceases is part of the new regulation that is effective for employer plan years beginning on or after July 1, 1986. Many issues remain unclear pending the release of the regulations, reports the National Association of Wholesaler-Distributors (NAW).

What follows is a general discussion of the new continuation rules.

Scope of Law

The new health care continuation rules apply to nearly all employers. The chief exceptions are church plans, small employers (generally under 20 employees), and certain federal government entities.

The law does apply to both insured plans and self insured plans. The same health care benefits as provided to similarly situated active employees must be continued to qualifying employees and their beneficiaries. The types of coverage include medical, dental, vision, hearing, and prescription drug plans. The law does not apply to disability plans.

Election Period

The period during which continuation of coverage may be elected (a) must begin not later than the date coverage would otherwise terminate, (b) must last at least 60 days, and (c) may not end earlier than 60 days after notice to the qualified beneficiary of his continuation rights or, if later, 60 days after the date on which coverage ends due to a qualifying event.

Employees who leave their company or go from full-time to part-time status are eligible for 18 months of continued coverage.

Cost for Continued Coverage

The employer may charge an employee or beneficiary the full cost of continued coverage, based on the cost for a "similarly situated" beneficiary, plus a 2% surcharge for additional administrative costs. Different rules apply for employers depending on whether the plan being offered is insured or self insured. There is strong concern that the surcharge will not cover the actual cost for continued coverage. Those people who elect continued coverage will likely be the ones who need it and will use it.

Notice to Covered Employee and Spouse

In accordance with regulations, employers are required to provide written notice to all employees and spouses who currently are covered under the group health plan at the beginning of the first plan year occurring on or after July 1, 1986. Written notification also is required when an employee or beneficiary becomes eligible for the continued coverage.

The new federal legislation is in most cases more stringent than state law so compliance with the federal law may satisfy state law requirements. It is unclear whether, and to what extent, a state law will continue to apply.

Penalty for Failure to Comply

If an employer does not meet the continuation requirements for its health plans, the employer cannot take a deduction for any of its health plan contributions, and income will be imputed to highly compensated employees for the employer contribution made on their behalf.

The plan administrator who fails to give the required notice to an employee or beneficiary is also subject to a penalty payment of $100 per day of delay.

Conclusion

This discussion represents only the tip of the iceberg, says NAW. The new continuation rules are exceedingly complex in their application to specific situations. Employers will need to evaluate their particular circumstances carefully in conjunction with counsel and insurance advisors to determine how to bring plans into compliance with the new rules.

PRODUCER PRICE INDEX TRENDS

In the April, 1986 issue of *MN*, printing and writing paper producer price indexes for various grades were tracked for year-end 1985. This information, from the Bureau of Labor Statistics, is continued here as an update through May, 1986. The total printing and paper category index was up to 298.9 in May, compared to 295.3 in November of 1985.

MONTHLY SALES AND INVENTORY TRENDS

In the May issue of *MN*, the Activity page presented monthly data from the United States Department of Commerce concerning merchant wholesalers' sales, inventories, and stock/sales ratios for 1985. This article is an update of these sales/inventory trends through May 1986 (latest data available). The "Monthly Wholesale Trade" Current Business Reports, published by the Bureau of the Census, are the source of the information.

As one can see below, the stock/sales ratio stood at 1.01 as of May 1986, and has been slightly lower than last year's levels—a good sign that merchants are keeping inventories lean. When looking at 1986 monthly sales, 1986 started out with a bang. Paper products sales were up 15% over January, 1985. Sales were strong into March (up 10.8% over same month in 1985), but these increases had moderated to a 6.9% gain by May. The same was true for inventories, up 12% in January, falling to a year-to-year gain of 5.8% by May.

Monthly Sales, Inventories, And Stock/Sales Ratios Of Merchant Wholesalers (1986 vs. 1985)

Total Paper & Paper Products
(SIC Code 511)

	Sales		Inventories		Stock/Sales Ratio	
	1986	1985	1986	1985	1986	1985
	($ Millions)					
January	$3,197	$2,774	$3,154	$2,816	0.99	1.02
February	3,127	2,822	3,143	2,903	1.01	1.03
March	3,164	2,853	3,188	2,915	1.01	1.02
April	3,184	2,935	3,170	3,026	1.00	1.03
May	3,049*	2,851	3,074*	2,905	1.01	1.02

*Preliminary estimate

LET MN KNOW

Those interested in monthly reports on industry activity should let *MN* know of their interests. NPTA director of research, John LaRosa, compiles the monthly "Activity" page for *MN*. If there are specific trends, statistics or industry data you would like to see tracked in *MN*, call or write NPTA *Management News*.

PRINTING & WRITING PAPER PRODUCER PRICE INDEX TRENDS BY SELECT COMMODITY GRADES

(Index Base 1967 = 100 unless otherwise noted)

End of Month: 1986

TYPE PAPER	Jan.	Feb.	Mar.	Apr.	May
Total Printing & Writing Paper (Except Newsprint & Packaging)	295.3	295.6	295.5	297.8	298.9
—Uncoated Publication & Printing[1]	239.7	242.5	240.7	241.5	241.7
—Printing Paper, Coated 2-S, #3[1]	234.2	233.8	233.8	233.8	233.8
—Printing Paper, Coated 2-S, #5[1]	286.6	279.6	279.6	279.6	277.1
—Printing Paper, Coated 2-S, Other[2]	122.4	121.3	121.4	121.0	121.3
—Book Paper, #3 Uncoated[2]	270.4	270.7	270.7	276.2	276.8
—Other Book Printing Paper, Uncoated	98.0	98.0	98.0	102.0	102.0
—Form Bond, 15 Lb.[3]	129.1	134.8	134.8	140.4	140.4
—Other Form Bond[2]	92.4	95.6	95.4	98.3	98.3
—Cover Text[2]	118.5	118.5	118.5	118.5	123.2

(1) 12/73 = 100 (2) 6/81 = 100 (3) 12/75 = 100

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Producer Price Indexes.

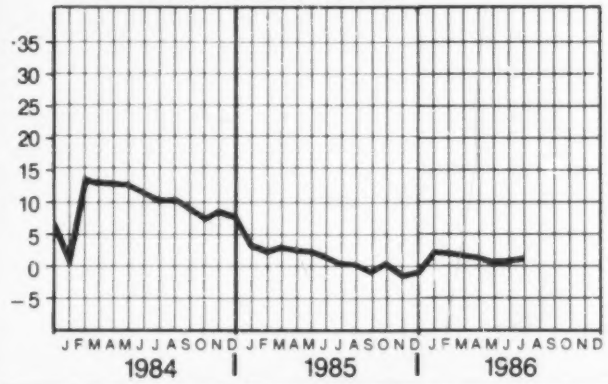
SUMMARY NATIONAL TREND INFORMATION: 1984 TO PRESENT

NOTE: *BEGINNING WITH THE JANUARY 1986 REPORT, STATISTICS WERE PRODUCED BY A NEW SYSTEM. THEREFORE, STRICT COMPARISONS TO PRIOR REPORTS SHOULD NOT BE MADE.*

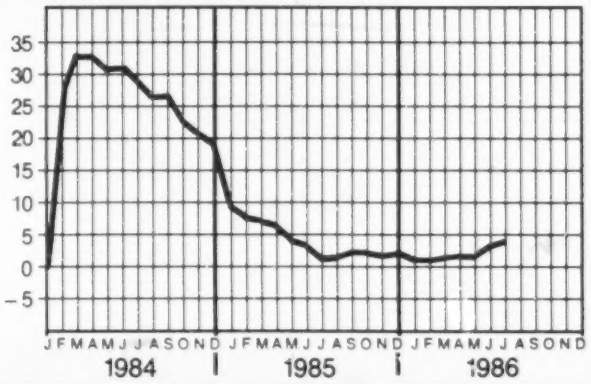
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



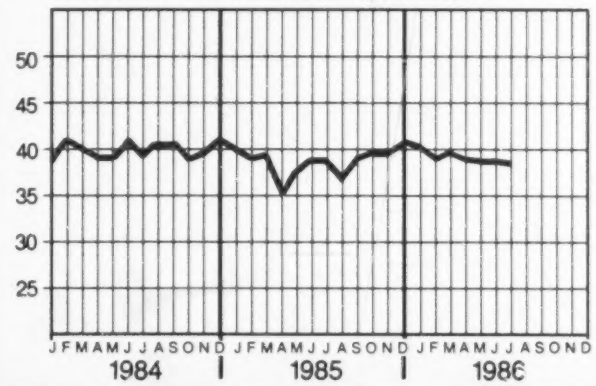
PRINTING PAPER SALES NATIONALLY



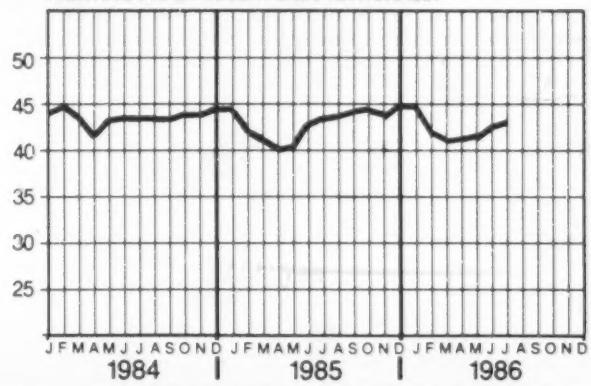
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



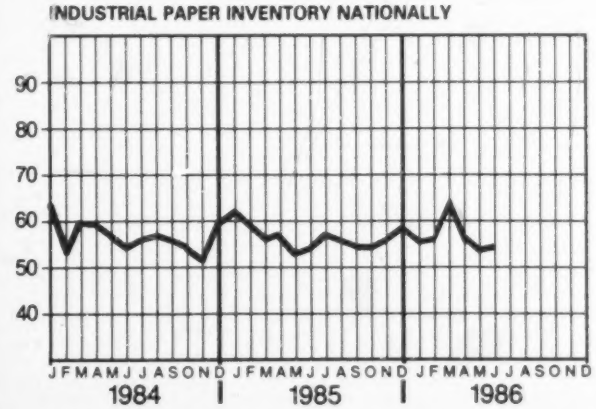
PRINTING PAPER RECEIVABLES NATIONALLY



INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY

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The GLASS PLUS Easy-5 Refill plus the 32 oz. sprayer gives you the perfect cleaning system. You get five gallons of GLASS PLUS for cleaning glass, restaurant table tops, desk tops, washable furniture and fixtures, plus a whole lot more.

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And our elegant multi-ply napkins do any meal proud, but cost 75% less than cloth.

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